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October 3, 1977

Foreign Agriculture

Foreign
Agricultural
Service
U. S. DEPARTMENT
OF AGRICULTURE

TRI-AGENCY READING ROOM

OCT 4 1977

500 12th St., SW, Room 505
Washington, D. C. 20250



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Japanese Funds Going Into U.S. Farm Sector

By William T. Coyle

Japanese data show that investments in North America by the Japanese Government and private investors are primarily in foodstuff manufacturing, agriculture, and forestry, and total some \$99 million, comprising a minor percentage of Japan's worldwide investments of \$19.4 billion. Statistics on Japanese investments in U.S. farmland are limited as only Iowa requires systematic reporting on acquisition of such land by aliens. It appears, however, that only a miniscule share of this country's 440 million hectares of farmland, valued with buildings in 1975 at about \$370 billion, is owned by Japanese investors.

With an eye toward increasing food supplies, or at least helping to keep world prices down, the Japanese Government and private investors have put funds into agricultural projects in the United States and other countries. Most of these investments have been in Asia and Latin America, but a sizable sum has been invested in this country.

Japanese funds have been invested in projects to increase production of soybeans in Brazil and Mexico; corn in Indonesia, Thailand, Mexico, Argentina, and the Philippines; and beef in Indonesia, the Malagasy Republic, and Australia. Japanese investors also have shown an interest in U.S. food processing firms, and in cattle, corn, and tropical food production. In addition, Japanese money is being invested in U.S. real estate—both farm and nonfarm.

According to Japan's Ministry of International Trade and Industry (MITI), Japan's accumulated overseas investments (direct and portfolio) were \$19.4 billion at the end of 1976. Of this amount, \$576 million were in foodstuff manufacturing and agriculture and forestry production. Two-thirds of this investment was in Asia and Latin America. The North American share came to about 17 percent or \$99 million.

The amount of foreign investment in the U.S. agricultural sector is not known. Data are neither readily available nor accurate. This want of information may stem from the previous lack of public concern over the amount of foreign funds invested in the U.S. economy. However, in recent years the

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accumulation by some countries of large foreign reserves has raised concern about possible foreign control of some U.S. resources.

The Foreign Investment Study Act, passed by Congress in 1974, directed the Department of Commerce to examine foreign direct investments in the United States. The result of this study showed that in 1974 all foreign countries had direct investments in the United States of \$26.5 billion. Between 5 and 7 percent of the total was in food manufacture, agriculture, and forestry and fisheries industries.

Although not reporting separately on Japan's share of investment in these areas, the study indicates that Japanese investments are substantially behind those of Canada, the United Kingdom, and the Netherlands.

Japanese investments in the U.S. agricultural sector span a relatively broad range of activities, reflecting the varied interests of investors. Accounts from newspapers and other sources provide an idea of the variety.

For example, it was reported in the January 13, 1976, issue of the *Japan Economic Journal* that Ezaki Glico Co., Osaka—after test marketing a confectionery in Hawaii—decided to buy a 65 hectare almond orchard in California and establish a subsidiary in San Francisco to procure raw materials for production of the almond confectionery.

Japanese investments in food manufacturing in this country often occur in response to the growing U.S. market for Japanese foods. Currently, sales stand at \$80-\$100 million annually. In 1975, there were 40 Japanese food stores in New York City alone, catering—among others—to the city's Japanese population of approximately 60,000.

Kikkoman Foods Corp., of Walworth, Wis., is an example of a Japanese company producing soy products for the U.S. market. Nissin Food Products Co. of California is similarly responding to the U.S. market by producing Japanese noodles in a joint venture with Ajinomoto Co. and Mitsubishi Corp., two other Japanese concerns.

Amounting to about 60 percent of all foreign investments in the State of Hawaii, Japanese investments are mostly in real estate, hotels, and condominiums.

In agriculture, there is the Kahuka Agricultural Co., a joint Japanese-American venture, which processes tropical fruit produced on 200 hectares of leased land. It was established with assets of \$200,000 and has secured a market outlet through a major U.S. firm.

It also has been reported that in Prowers County, Colo., Japanese investors several years ago purchased a 50,000-head feedlot for \$2 million. A Japanese trading company, Mitsui, several years ago bought into a grain company in Farmer City, Ill., to promote the production of food-quality soybeans.

Foreign investments in U.S. farmland is a more sensitive issue than those made in food manufacturing. The extent of foreign farmland ownership is not known because most transactions are made through partnership arrangements and purchasing agents. Twenty-one States have no restrictions on alien ownership of land, seven others forbid it, and the remainder have minor to substantial restrictions.

Historically, the Japanese have had difficulty acquiring and holding land in the United States. In the 1920's, several West Coast States passed alien land laws that excluded Orientals from acquiring land. It was not until

the 1940's that these laws were struck down as unconstitutional by State Supreme Courts in both Oregon and California. The laws were found to be racially discriminatory and in violation of the equal protection and due-process clause of the Fourteenth Amendment.

Most Japanese land acquisitions in the United States since the 1940's have been on the West Coast and in Hawaii—usually for other than agricultural purposes.

Although there is some evidence that the Japanese are still in the market for U.S. farmland, data are generally skimpy. A Department of Commerce study completed in 1975 of foreign investment in farmland in Iowa—the only State requiring by law a systematic report of alien land acquisitions—showed a relatively small number of known purchases by foreigners. Of 511 questionnaires returned by real estate brokers across the State, only 28 foreign transactions were reported, four of which involved Japanese. The size of the Japanese acquisitions averaged about 400 hectares.

The author of the study hypothesized that different nationalities were motivated by different causes to acquire farmland. The Japanese investor, for example, looks for a satisfactory yearly return and so invests in farmland, while West German investors, looking for an asset that is stable in value and relatively secure from loss, also buys American farmland.

In the same study, real estate brokers reported further inquiries were being made about the purchase of Iowa farmland by non-Americans. Fifty-four inquiries were reported, eight from Japanese. They were second only to the number of West Germans who inquired.

Other reports of Japanese

farmland acquisitions are sketchy, but purchases are probably still taking place. It was said, for example, that Japanese investors have purchased farmland on the coast of North Carolina, but details are minimal. The U.S. Department of Commerce list of direct foreign investors showed that a Japanese firm, Fuji International, has purchased a farm in Oregon and that another Japanese firm is producing mushrooms in Georgia.

Seeming to follow a pattern, Japanese investments in U.S. agricultural and related sectors vary by region. Food processing firms with which Japanese investors are concerned are concentrated on the West Coast, mostly in California. Investments in agricultural production, and in the grain trade, are scattered.

Japanese investments in the related industries of fishing and seafood processing are found almost exclusively in Alaska and the Northwest. And those in forestry production are principally in the States of Alaska and California.

The future directions to be taken by Japanese investments in the U.S. agricultural sector can at best only be guessed at. It appears that food and energy are areas of top priority to the Japanese Government. Investment in these areas probably will be encouraged, while those in real estate and recreation facilities, heretofore of substantial size, will be discouraged.

The Southeast U.S.-Japan Group, a multistate association with direct contacts with Japanese corporations, met in April 1976 and discussed future possibilities for Japanese investments in that part of the country. Electronics, textiles, and food processing were considered the most important areas. Investment in farmland, it

“Japanese investments in U.S. agricultural and related sectors vary by region. Food processing firms with which Japanese investors are concerned are concentrated on the West Coast . . . investments in agricultural production and in the grain trade are scattered.”

was noted, will likely take the form of joint ventures between U.S. operators and Japanese investors.

Japan appears to have the financial resources to be able to invest further sums of money in the U.S. agricultural sector. It has had large surpluses in both foreign reserves and—except during 1973-75—overall international payments, which would facilitate the transfer of Japanese capital in the form of direct investments in the U.S. agricultural sector. In addition, agricultural production in general, and land in particular, are costly in Japan, further encouraging foreign investments.

Most Japanese direct investments in the United States are in areas to which superior management and advanced technology can be applied to bring good profits, as the manufacture of electronic devices, chemicals, and transportation machinery.

Farm production and the food processing industry sector in which Japanese normally invest are characterized by small firms whose products are generally the same, and who have few resources for research and development of new ones. Foreign investors can effectively compete with local investors only if the added resources result in the introduction of new products. Thus, those firms that produce specialty Japanese foods gain new finances and new products at the same time.

Japanese direct investment in the U.S. agricultural sector does not necessarily mean Japan will have direct access to larger food supplies. This has been the intent of some Japanese Government-encouraged investments in Asia and Latin America, where distribution of foreign agricultural production can perhaps more

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U.S. Producers Watching Brazil's Wheat Autarky Policy Review

By James A. Truran

Brazil's widely publicized wheat self-sufficiency program is currently the subject of a sharp internal debate, and the future division between domestic production and imports will be heavily dependent on the outcome. U.S. wheat producers and exporters are following the debate with keen interest because Brazil has long been the largest market in this hemisphere for U.S. wheat, with purchases from the United States in 1976 valued at some \$223 million.

According to current Government estimates, Brazil will consume about 6.1 million metric tons of wheat in 1977, with about half this quantity expected to be supplied by imports and half by domestic production. All wheat imports are made by the Government and all domestic production is also purchased by the Brazilian Government.

The 3.1 million tons to be imported in 1977 are expected to cost the Government about \$310 million. A similar quantity, expected to be purchased from domestic producers, will cost the Government about \$656 million at the current exchange rate.

The wide gap between current low world wheat prices and the very high

cost of producing wheat in Brazil is the central issue in the self-sufficiency program controversy.

Supporters of autarky argue that Brazil has abundant land and labor, and wheat can be double-cropped with soybeans in many areas, thereby permitting fuller use of the same farm land, machinery, and labor supply. They contend these resources cannot be easily transferred to producing other crops and that a move away from wheat would have very high social costs.

Foreign exchange saved by producing wheat locally rather than importing it is also cited by proponents. Also mentioned is the need to have a large domestic supply of this important food staple in the event that imports are cut off for some reason.

Critics of the program argue that most of Brazil's tropical and semitropical agricultural areas are not well suited for efficient wheat growing and, therefore, production costs will always be very high. They also say the foreign exchange savings of growing wheat locally is modest because much of the fertilizer and fuel needed to grow and transport wheat to major population centers along the Atlantic seaboard is imported.

The critics agree that double-cropping of wheat and soybeans permits fuller use

of land, labor, and machinery, but argue that this is not a total gain because yields of both crops frequently suffer since optimum planting dates are often missed in following the tight double-cropping timetable. Finally, the critics point out that a large part of the huge investment of Government and private resources in the wheat program would pay bigger dividends if used to produce other agricultural products, including items currently being imported, such as beans, barley, and dairy products.

Wheat has been cultivated in Brazil since the 1500's, primarily in the States of Rio Grande do Sul, Paraná, and São Paulo. However, the major impetus to self-sufficiency has occurred since World War II. Since the rapid rise in wheat prices in 1973, the self-sufficiency policy has received much more attention than previously.

Government support to the wheat sector includes subsidized research facilities, low-interest loans for machinery and other modern inputs, and a remunerative guaranteed price to producers. Consumers of wheat in Brazil also enjoy a subsidy through a dual price system that was to have been phased out gradually in 1977, but was retained as part of an anti-inflation package.

Since 1962, the sole purchaser of wheat in Brazil

has been CTRIN (Domestic Wheat Marketing Department), an agency within the Bank of Brazil. CTRIN establishes a guaranteed price well before the planting season and will purchase all wheat produced at that price. CTRIN purchases from the 1976 crop reached 3 million tons.

This year the price was originally set at Cr\$170.20 per sack of 60 kilograms, \$227 per ton at the prevailing exchange rate. In the face of strong producer protest and threats of sharp reductions in plantings, the official price was increased on March 23 to Cr\$190.20 per sack, \$244 per ton, or 49 percent above the 1976 price.

Even at these elevated prices, the 1977 harvest is not expected to be above the 1976 level, and there are indications that it might even be less. There was a reduction in wheat plantings nationally on the order of 10 percent and in some traditional wheat areas of Rio Grande do Sul by as much as 18-20 percent.

Producer groups claim that the real cost of production of a 60-kilogram sack is as high as Cr\$220. These high costs result from cultivation on marginal soil, the use of expensive manufactured and imported inputs, very high fuel costs, weather and disease problems, and

the lack of genetically suitable wheat varieties.

Cost of production is only one of the factors behind the area reductions in 1977. During the last 2 years, late-season crop losses, resulting from disease attacks aggravated by unfavorable weather, caused serious economic losses to many wheat producers.

These losses left some producers disenchanted with the risks associated with wheat and, to some extent, helped increase barley plantings. Other farmers in the wheat-soybean belt of Rio Grande do Sul held land out of production altogether, opting instead to prepare better for soybean plantings.

The wheat harvest runs into the planting season for soybeans and, in light of the high soybean prices, in early 1977 many farmers decided not to double crop this year.

Wheat consumption in Brazil is increasing very rapidly—over 75 percent during the 1970-77 period. This is considerably higher than the population growth of 18 percent and is the result of several factors. Per capita income in Brazil has increased substantially during the 1970's, jumping from \$486 in 1970 to more than \$1,325 in 1976.

There is also rapid rural-urban migration with consequent changes in dietary habits, the most significant

being a shift from manioc to bread by many consumers. Finally, there is a large Government subsidy to wheat consumers in the form of subsidized wheat prices to millers. Wheat is sold to millers at a basic price of Cr\$1,202 per ton, US\$82 at current exchange rates.

It is interesting to note the evolution of the prices paid to millers. Until 1972, the price of wheat to the mills was above the cost of imports, with the excess used to finance the domestic producer price. Since 1973, however—and coinciding with worldwide price increases—wheat was made available at prices considerably below the cost of acquisition. Indeed, the millers' price remained fixed for 3 years. In 1977, the cost to millers was increased but still remains below the cost of imports.

Earlier this year Government officials had indicated that the consumer subsidy would gradually be phased out by raising the price to millers in stages. As the cost of the raw material for bread was increased, the price of bread to consumers—which is strictly controlled by the Government—would also be increased. In light of a 46-percent inflation rate in 1976—over 20 percent in the first 5 months of 1977—the Government has maintained the subsidy as a means of slowing the rise in the cost of living.

The effect of this subsidy may be further traced through a comparison of retail prices for basic foodstuffs in the principal market of São Paulo. During the first quarter of 1972—the last year that miller prices were above import prices—the prices of basic foods relative to the price of wheat were much closer than during the first quarter of 1977.

Giving a kilogram of wheat a value of 1.0, in the first quarter of 1972 rice value was 1.52; beans, 1.28; and manioc flour, 0.53. In the same quarter of 1977, rice was 1.62; beans, 4.88; and manioc flour, 1.45. As the differences widen, the consumption of wheat-based foods tends to increase.

Several policies have been launched in recent years to reduce the rate of growth of wheat consumption through substitution of alternative flours. Effective March 31, 1977, the Government decreed that 5 percent of wheat flour would have to be replaced by soy flour.

There are several obstacles to this, however, that probably will prevent the policy from becoming a reality for at least a year or two. These include low supplies of soy flour and a small installed capacity for making it, the higher cost of soybean flour relative to wheat flour, and numerous logistical problems in distributing soy flour to all of the mills. Recently a price subsidy for soy flour was announced; however, the other factors still limit the amount of soy flour that can be mixed.

This year is seen by growers, traders, researchers, and Government officials alike as being crucial to the long-run outlook for wheat in Brazil. Following 2 disappointing crop years in 1975 and 1976, producers have responded by reducing planted area. If, in spite of using the latest technologies and varieties, production is again off in 1977, this would be a major setback to the self-sufficiency program.

Farmers who can produce alternative, less risky crops such as barley and beans, will likely switch. Others will probably continue to produce wheat on reduced area only to help offset soybean production costs. □

Brazil: Price of Wheat to Millers, 1970-77

[In Cr\$ per ton¹]

Year	Price to mills	Price to growers	Average import price, f.o.b.
1970	410.00	490.00	245.46
1971	483.00	546.66	330.23
1972	556.40	600.00	411.34
1973	612.00	750.00	759.56
1974	734.00	1,400.00	1,308.57
1975	734.00	1,670.00	1,365.41
1976	734.00	2,134.26	1,627.60
1977	1,202.00	3,170.63	² 1,200.00

¹ In 1970, the exchange rate averaged Cr\$4.494=US\$1; in 1976, Cr\$10.786=US\$1. ² Estimated for January-June 1977.

Food Prices: Declines In Four Countries, Increases in Ten

Food prices, as reflected during July in the official indexes of 14 selected countries,¹ declined in four countries and rose moderately in 10.

In Belgium, West Ger-

¹ Data for Argentina, now revising its FPI, were unavailable.

By Sidonia R. DiCostanzo, Special Projects Division, FAS.

many, the United Kingdom, and Japan, slight decreases were reported in the July food price indexes (FPI's), compared with June levels.

Japan's FPI dropped 1.8 percent during the past 3 months, in response to a general easing of food prices.

In a majority of the 15 capitals whose retail food prices were surveyed by FAS on September 7, prices were found to have moved up for

most products.

Prices for most meats in Rome were higher than in early July. Increased beef prices are largely a result of boosts in wholesale and European Community (EC) orientation prices as well as diversion of some meat to EC intervention stocks.

Beef and pork prices in Brussels reached record levels. In Copenhagen, pork prices rose about 10 percent during the 2-month period, reflecting strong domestic and export demand.

Most London meat prices remained high, mainly because of a shortage of animals for slaughter.

In Ottawa, prices for sirloin steak and sliced bacon advanced substantially during the 2 months.

Japan's Beef Livestock Industry Promotion Corporation has slowed distribution of fancier cuts of imported beef to boost prices of domestic beef.

In Brussels, broiler and egg prices were up by 5.5 percent and 1.4 percent, respectively, over early July levels.

The Hague reported increases of 2 percent in broiler prices and 11 percent in egg prices.

Japan's higher egg prices are attributed to an outbreak of disease stemming from strict new regulations controlling the use of antibiotics in poultry as well as the seasonal decline in egg production.

Cheese prices in Tokyo dropped 35 percent in 2

Food Price Index Ch

Country	Latest month
Argentina	(²)
Australia	June
Belgium	July
Brazil	May
Canada	July
Denmark	July
France	July
Germany	July
Italy	July
Japan	July
Mexico	July
Netherlands	July
Sweden	July
United Kingdom	July
United States	July

1 Based on official price indexes. 2 Not available.

FAS Survey of Retail Food Prices in Selected World Capitals, September 7, 1977

[U.S. dollars per kg 1 or units as indicated, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Mar. garine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, Yellow
Bonn	9.69	6.65	5.00	9.46	(²)	7.09	2.01	1.21	3.51	1.89	4.40	0.44	1.79	0.77	0.67
Brasília	1.61	1.41	2.51	4.58	3.89	7.40	1.41	.66	2.96	1.28	4.40	.26	.99	.41	.19
Brussels	9.62	5.25	4.74	5.05	7.04	3.70	2.69	1.37	4.15	1.88	4.88	.50	1.43	1.26	.53
Buenos Aires	1.46	.85	1.50	(²)	(²)	3.23	1.27	.74	4.69	1.84	3.65	.21	3.40	.55	.28
Canberra	3.75	1.19	3.75	3.70	5.07	4.73	2.99	1.09	2.03	1.99	3.90	.44	1.77	.85	.65
Copenhagen	12.35	5.37	6.83	7.16	5.35	5.49	2.07	1.50	3.87	1.87	4.69	.34	1.94	2.27	1.11
London	6.61	3.46	3.38	2.81	3.38	4.03	1.50	.92	2.11	1.50	2.46	.34	1.50	1.35	.42
Mexico City	2.27	2.22	2.00	2.44	(²)	2.51	1.52	.53	2.89	1.36	5.63	.28	.91	.43	.28
Ottawa	4.68	2.36	3.88	3.88	5.07	3.86	1.83	.87	2.65	2.03	3.88	.61	1.76	1.01	.72
Paris	7.18	3.96	(²)	5.42	6.42	8.33	1.90	1.35	3.57	1.18	3.77	.39	1.34	.98	.61
Rome	7.94	6.74	4.31	4.31	4.92	3.96	2.38	1.02	3.76	1.81	3.86	.44	1.09	.81	.57
Stockholm	10.87	6.71	5.56	9.62	6.25	6.15	3.43	1.55	2.97	2.13	4.65	.36	4.37	1.77	1.31
The Hague	9.76	5.71	5.30	6.11	5.27	7.31	1.94	1.22	3.58	1.19	4.45	.42	1.43	.81	.36
Tokyo	34.99	18.75	6.75	8.36	11.02	7.24	3.09	1.16	4.99	2.95	3.85	.82	1.89	1.08	.72
Washington	4.45	3.24	4.83	3.28	5.42	4.21	1.23	.80	3.15	1.96	6.24	.52	1.92	1.34	.53
Median	7.18	3.96	4.53	4.82	5.31	4.73	1.94	1.09	3.51	1.87	4.40	.42	1.76	.98	.57

1 1 kilogram = 2.2046 pounds; 1 liter = 1.0567 quarts. 2 Not available. Source: U.S. Agricultural Attachés.

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In Belgium, West Germany, the United Kingdom, and Japan, slight decreases were reported in the July food price indexes (FPI's), compared with June levels.

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Cheese prices in Tokyo dropped 35 percent in 2

months, following a 15 percent gain in production.

Higher producer prices for butter and cheese in Copenhagen are expected to result in higher consumer milk prices later this month.

In Mexico City, retail milk prices rose 20 percent following the setting of new ceiling prices by the Government.

Higher labor and materials costs in Belgium were

factors in the Government's decision to permit an increase of about 5 U.S. cents per kilogram in bread prices.

In London, on the other hand, many supermarkets and chain outlets sell 1-kilogram loaves at the equivalent of 50 U.S. cents—4 cents under the legal ceiling.

There was little fluctuation in rice or sugar prices in most of the capitals surveyed. Rice prices, higher in Ottawa and Buenos Aires, were lower in six capitals and unchanged from early July levels in seven.

Sugar prices were higher in six capitals, lower in four, and unchanged in five.

Apple prices in West European capitals are expected to remain high in the coming months because of low production levels in several countries.

Brussels reported a 37 percent increase in the price of oranges, largely attributable to smaller available supplies.

Data Qualifications

Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attaches on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

The Food Share of Income

Consumer spending as a proportion of national disposable income for food, drink, and tobacco was lower in 12 selected countries in the mid-1970's than at the start of the decade, but higher in Japan, Denmark, and the United States.

Of the 15 countries whose food prices and consumer price indexes are reported bimonthly by FAS, data on food expenditures as a proportion of national disposable income—as reported by the Organization for Economic and Cooperative Development—were unavailable for Argentina, Brazil, and Mexico. Also, because 1976 data were not available for Belgium, Japan, the Netherlands, and the United Kingdom, the comparisons for these countries are for 1970 and 1975.

West Germany's share, which in 1970 was 18.2 percent, decreased to 17.5 percent by 1976, and in Italy the share diminished from 28 percent for 1970 to 26.5 percent for 1976.

In Belgium, the food share dropped from 20.8 percent in 1970 to 18.4 percent for 1975.

"National disposable income" includes net receipts from employment, entrepreneurship, property, and unrequired current transfers.

The share of income for food in three countries was higher in 1976 (or 1975) than in 1970, and the share in nine countries was lower in 1976 or (1975) than in 1970.

In Denmark, consumers in 1976 spent the equivalent of 19.2 cents out of every dollar of national disposable income for food, slightly higher than the 18.8 cents in 1970.

In Japan, 20.5 cents of every national disposable income dollar went for food, compared with 20.3 cents in 1970.

U.S. consumers spent 15 cents of every such dollar for food in 1976, compared with 14.9 cents in 1970. However, U.S. proportionate

spending on food was lower than in any of the 12 countries, except Canada.

Canadian consumers, who in 1970 spent 14.9 percent of national disposable income for food, were spending only 13.8 percent in 1976, and in France the share dropped from 18.1 percent for 1970 to 16.7 percent for 1976.

Consumer outlays for food in Australia, which were 19.3 percent of national disposable income in 1970, declined to 16.7 percent for 1976.

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Bonn	9.69	6.65	5.00	9.46	(²)	7.09	2.01	1.21	3.51	1.89	4.40	0.44	1.79	0.77	0.67	0.19	1.28	3.60	0.68	1.42	0.60
Brasilia	1.61	1.41	2.51	4.58	3.89	7.40	1.41	.66	2.96	1.28	4.40	.26	.99	.41	.19	.37	1.35	.53	.65	.42	.33
Brussels	9.62	5.25	4.74	5.05	7.04	3.70	2.69	1.37	4.15	1.88	4.88	.50	1.43	1.26	.53	.10	1.09	2.13	.86	.98	.90
Buenos Aires	1.46	.85	1.50	(²)	(²)	3.23	1.27	.74	4.69	1.84	3.65	.21	3.40	.55	.28	.12	.33	.64	.78	.65	.46
Canberra	3.75	1.19	3.75	3.70	5.07	4.73	2.99	1.09	2.03	1.99	3.90	.44	1.77	.85	.65	.33	.28	.80	.84	.69	.38
Copenhagen	12.35	5.37	6.83	7.16	5.35	5.49	2.07	1.50	3.87	1.87	4.69	.34	1.94	2.27	1.11	.64	1.05	1.66	1.29	1.13	1.27
London	6.61	3.46	3.38	2.81	3.38	4.03	1.50	.92	2.11	1.50	2.46	.34	1.50	1.35	.42	.19	1.27	1.74	.54	.85	.47
Mexico City	2.27	2.22	2.00	2.44	(²)	2.51	1.52	.53	2.89	1.36	5.63	.28	.91	.43	.28	.45	.61	.47	.46	.49	.19
Ottawa	4.68	2.36	3.88	3.88	5.07	3.86	1.83	.87	2.65	2.03	3.88	.61	1.76	1.01	.72	.16	1.01	1.67	.74	1.11	.43
Paris	7.18	3.96	(²)	5.42	6.42	8.33	1.90	1.35	3.57	1.18	3.77	.39	1.34	.98	.61	.14	.98	3.02	1.01	1.04	.56
Rome	7.94	6.74	4.31	4.31	4.92	3.96	2.38	1.02	3.76	1.81	3.86	.44	1.09	.81	.57	.34	.60	1.57	.89	1.18	.70
Stockholm	10.87	6.71	5.56	9.62	6.25	6.15	3.43	1.55	2.97	2.13	4.65	.36	4.37	1.77	1.31	.41	1.51	2.73	1.77	1.12	.78
The Hague	9.76	5.71	5.30	6.11	5.27	7.31	1.94	1.22	3.58	1.19	4.45	.42	1.43	.81	.36	.11	.41	2.27	.65	.85	.67
Tokyo	34.99	18.75	6.75	8.36	11.02	7.24	3.09	1.16	4.99	2.95	3.85	.82	1.89	1.08	.72	.86	2.35	6.32	1.12	1.03	.89
Washington	4.45	3.24	4.83	3.28	5.42	4.21	1.23	.80	3.15	1.96	6.24	.52	1.92	1.34	.53	.53	1.08	1.68	1.04	.68	.51
Median	7.18	3.96	4.53	4.82	5.31	4.73	1.94	1.09	3.51	1.87	4.40	.42	1.76	.98	.57	.33	1.05	1.68	.84	.98	.56

¹ 1 kilogram = 2.2046 pounds; 1 liter = 1.0567 quarts. ² Not available. Source: U.S. Agricultural Attachés.

Ireland's Dairy Goal: Diversified Output For Export Trade

By Robin Mosse

Although the European Community is exhorting member countries to curtail their milk output, Ireland's dairy industry plans a 27 percent boost in manufacturing milk output by 1981. Emphasis is to be on export-oriented products, such as cheese, and less on price-supported products, such as butter.

Despite the European Community's effort to curtail milk production in member¹ countries, Ireland's dairy industry is planning a 27 percent expansion in manufacturing milk output to 4.1 million metric tons by 1981.

The Irish Dairy Board—the cooperative marketing body representing the Irish dairy industry—has prepared a 5-year plan that spells out ways to utilize this extra production.

A main point in the plan is increased emphasis on export-oriented products, such as cheese, and less on EC intervention (price-supported) products, such as butter.

Ireland's output of milk for liquid consumption is expected to fall slightly by 1981 on a per capita basis from the present 200 kilograms to about 190 kilograms, but total usage—because of estimated population gain—will be marginally above the current level of 650,000 tons.

Total Irish milk production, including milk fed to calves in the dairy herd, could total nearly 5 million tons by 1981.

Although Ireland's Government and its dairy industry continue to pay lip-service to EC plans for curtailing milk output within the Community, they continue to encourage the production of milk in Ireland.

Irish industry officials see no contradiction in this position, viewing a cut in EC milk production as acceptable or even desirable—provided it takes place in EC countries

other than Ireland.

In support of its expansion policy, the Board has developed a plan that emphasizes production and export of such dairy items as cheese, nonfat dry milk (NFDM), longlife cream and other cream products, butteroil, dairy spreads, custard, lactic butter, whole milk powder, whey powder and products and casein. The goal is to boost total sales volume as well as the end value of the products through additional manufacturing and the availability of a wider range of products.

In the light of current EC attempts to limit milk output, Ireland's shift in emphasis away from price-supported products toward items in greater demand seems politically desirable.

The Board's view is that as Ireland has not contributed significantly to EC dairy surpluses, it should not be asked to solve the problem. Ireland's only dairy sales to intervention stocks were 59,000 tons of NFDM in 1975 and 53,000 tons in 1976, all of which was subsequently repurchased by the Board.

To encourage Irish manufacturers to diversify their production into relatively new dairy products, the Board plans to set up a development fund, which probably will be financed by a milk levy. Assistance from the fund would encourage production and marketing in the early stages, rather than on a continuing basis. The main purposes of the fund would be:

- Support for manufacture of diversified items already in production on an agreed costing basis to achieve returns equivalent to intervention prices where conditions are difficult.
- Support for development costs of new products.
- Market research.
- To assist financing of suitable products through

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¹ Belgium, Denmark, France, West Germany, Ireland, Italy, Luxembourg, Netherlands, and the United Kingdom.



Irish suckling calf and mother. Ireland's milk production is almost certain to continue expanding unless profitability falls significantly. Milk output on Irish dairy farms, although growing more rapidly than in any EC country, still is well below potential.

attractive loan leasing schemes.

- To provide technical assistance.

The basic plan is still open to modification and will require cooperation of both the manufacturing industry and producers if it is to succeed. Although the industry's reaction has been favorable, the producers' position is qualified by a suspicion that they will ultimately pay for the program through a milk levy.

Even without a drive for increased milk production, Irish milk output is almost certain to continue expanding unless profitability falls significantly. Milk output on Irish dairy farms, although growing more rapidly than in any EC country, is still well below potential.

Ireland's average yield per

cow—2.9 tons—is the lowest in the EC, while stocking rates and fertilizer use lag behind other European countries for two reasons:

- Ireland's dairy management skills tend to be conservative, with feed usage well below optimum, mainly because farm gate prices until recently were relatively low and markets uncertain, discouraging investment in high cost, intensive systems. Irish agriculture has a high proportion of elderly people, many of whom are unwilling to switch to progressive methods.

- About 75 percent of Ireland's beef production comes from dairy herd calves. With beef output an important part of total Irish agricultural production, the Government has encouraged dual-purpose dairy cattle,

which, while producing calves suitable for grass-fed beef, have less potential for higher milk yields than dairy-type animals.

Most Irish dairy herds now consist of Friesian cattle instead of the dual-purpose Shorthorns of the past, but many of these Friesians do not have the high-yield potential of the U.S. type of Holstein Friesians.

As Ireland's agriculture accounts for over 40 percent of the country's exports and 20 percent of its gross national product, efforts are continually being made to increase the efficiency of all aspects of agricultural production.

Although the number of Irish dairy farms is expected to continue declining (the Board estimates that farms supplying manufacturing

milk will fall from the current level of 75,000 to 60,000 by 1981), production per cow and number of cows per farm are expected to continue expanding.

The Board forecasts that in the manufacturing milk area, yield per cow will have grown nearly 12 percent by 1981 over the 1976 level, while cows per farm will increase 17 percent, which suggests an average of almost 3.3 tons per cow—still a modest figure by European milk production standards.

Ireland's mild, damp climate promotes lush grass growth through a long growing season and some of its pasture is as rich as any in Europe, suggesting a significant potential for boosting milk production without expanding dairy area. □

Egypt's Vegetable Crops, Exports Rising Sharply

By L. B. Emerson, Jr.

In response to growing demand, both foreign and domestic, Egypt's vegetable production has expanded steadily during the 1970's, increasing from 5.7 million metric tons in 1970 to 7.7 million last year. During this period, output has reached a new high every year and 1977 is anticipated to be another record year.

Rising demand has prompted price increases and has encouraged farmers to boost production through such techniques as multiple cropping, improved varieties from the United States, and increased use of fertilizers. As a result, Egypt's vegetable production should continue to expand.

Shipments of onions and potatoes—the principal vegetable exports—rose sharply in 1976, totaling \$79 million. This export boom resulted largely from increased demand in Europe, which had suffered severe droughts in 1975/76. Although tomatoes are the most widely produced vegetable in Egypt, exports are small, compared with onions and potatoes.

If new marketing facilities could be arranged, many farmers would prefer to grow vegetables. However, mandatory allotments of wheat, corn, cotton, and rice limit opportunities for farmers to switch to vegetables in some

areas. Recently a large new addition to the Kaha canneries was opened about 15 miles outside of Cairo to utilize surplus supplies of fresh produce. This new market outlet will probably augment tomato production.

Changes in Governmental policies for investments are likely to allow foreign firms to obtain high-quality Egyptian produce for export. Although land ownership is restricted to Egyptians, foreign firms will be able to lease undeveloped land from the Government to establish large commercial vegetable farms. The output of these farms is targeted primarily toward exports, although some production would be allocated for local markets. Recent Governmental policy changes should serve to accelerate Egyptian vegetable exports.

Most of Egypt's major fresh vegetables are consumed domestically as most Egyptian housewives prefer fresh fruits and vegetables to canned products. The principal vegetables, in descending order by volume, are: Tomatoes, watermelons, potatoes, onions, squash, cabbage, cucumbers, and eggplant.

The favorable climate allows farmers to grow vegetables throughout the year with most vegetables having three harvests—summer, winter and nili harvests. Nili is the fall harvest, and was known as the postflood harvest prior to the building of the Aswan dam. Mild winters

permit farmers to grow onions and potatoes for export from November to February, when prices in Europe are seasonally higher.

On the other hand, transportation difficulties have worsened in recent years, becoming one of the most pressing problems facing the produce industry. Carts pulled by donkeys or horses remain a principal means of getting vegetables from farms to produce stands, which are scattered throughout larger cities and towns. With traffic jams worsening, farmers can no longer take traditional routes to markets. Therefore, transshipment by truck has become more important, particularly for produce grown more than 10 miles from Cairo.

Although completion of the four-lane Delta highway from Alexandria to Cairo has reduced some of the transportation bottlenecks, traffic is heavy both day and night. Thousands of trucks and farm carts transport fresh vegetables to produce stands for sale the next day.

Output of tomatoes, by far the country's largest vegetable crop, has been trending up since 1970 when almost 1.6 million tons were produced. The 1977 harvest is forecast at between 2.3 and 2.5 million tons, up from 2.2 million in 1976 when yields averaged 2.7 tons per hectare. The outlook calls for continued expansion as a result of increased plantings, improved varieties, and bigger profits.

Egyptians consume large quantities of melons, especially watermelons. Since 1970, watermelon production has been exceeded only by that of tomatoes. That year, watermelon output was 889,000 tons, rising to almost 1.28 million last year.

Potato production and exports have increased during the 1970's. The two crops, summer and nili, are roughly

equivalent in volume and yield. Output this year is forecast at between 960,000 and 1,050,000 tons, compared with 548,000 in 1970.

Pleased with test yields from Maine seed potatoes, Egyptian officials purchased 3,300 tons of Kennebecs for the 1977 crop. Prior to the 1976 European drought, the dominant seed was the Dutch Alpha variety, imported primarily from the Netherlands, but it now appears that U.S. seed potatoes have captured a part of this market. Despite contentions of some rival European suppliers that U.S. seeds were infested with ring rot and Colorado beetles, Egyptian officials have found these potatoes to be very productive.

Egypt's potato exports more than doubled last year, reaching 116,000 tons. Early potato exports to the United Kingdom—plagued by a severe drought—totaled 106,000 tons in 1976, compared with only 16,000 tons in 1975. Although Europe's drought has ended, Egyptian potato exports still are expected to be larger this year. Egypt also will remain the principal supplier for the Mideast market.

Based on performance in the 1970's, proportionally more of Egypt's onion crop goes into export than any other vegetable. Some 110,000 tons of the 620,000 produced last year were exported. Destined for East European and Mideast markets, onions exports earned \$38.4 million in 1976, and additional sales could have been made if larger supplies had been available.

Squash, cabbage, cucumbers, eggplants, and other fresh vegetables are grown year-round in Egypt and production has been rising because of higher prices and better farming practices. Other important vegetables

Mr. Emerson is an agricultural economist with the Fruit and Vegetable Division, Foreign Commodity Analysis, FAS.

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Drop In Peru's Anchovy Catch Cuts Fishmeal Estimate

Prospects for Peru's 1977 fishmeal output are dim as the result of a drop in the anchovy catch.

The U.S. Agricultural Attaché in Lima has reduced his projections of the catch from 3 million tons to 1.5 million tons. As a consequence, the forecast for fishmeal outturn also has been cut—from 849,000 tons in 1976 to 440,000 tons in 1977.

The 1.5-million-ton estimate for the anchovy catch is the lowest since 1973, when a disastrous catch of 1.85 million tons was recorded.

As early as May 6 this year, Peru had halted anchovy fishing in all areas except Ilo in the extreme south of the country, following a survey by the Instituto del Mar del Peru (IMARPE). The Institute's survey revealed

that oceanographic conditions along the Peruvian coast were unfavorable for anchovy fishing.

On August 17, Peru began to fish for other species for reduction to fishmeal and it is now estimated that the total catch of all species for reduction could reach 2 million tons, bringing the fishmeal production level to the 440,000-ton mark. □

Peru: Anchovy catch and fishmeal production

[In thousand metric tons]

Year	Anchovy catch	Fishmeal production
1970	12,383	2,253
1971	10,274	1,935
1972	4,485	897
1973	1,850	423
1974	3,583	905
1975	3,098	711
1976	3,915	849
1977 ¹	² 1,500	440

¹ Forecast.

² Plus 500,000 tons of other fish.

India's Cotton Use Rises

India's 1977/78 cotton consumption is expected to increase only slightly from the 5.8 million bales of the season that ended July 31, despite larger domestic cotton production and lower cotton prices in both world and domestic markets.

India's cotton production during 1977/78 is estimated to increase 5-10 percent from the 1976/77 crop of 4.9 million bales, which was reduced by cold weather and poor yields. Growing conditions have been more favorable this season, and a crop of up to 5.4 million bales may be achieved in 1977/78.

Despite the projected production increase and the fact that the Bombay cotton market has followed world prices down to levels much

below those that prevailed earlier in 1977, there are no firm signs of increased mill purchasing. Consumption

during 1976/77 fell 6 percent below the previous season, largely because of supply and price constraints. Among the factors that continue to discourage mill uptake is uncertainty about the prospects for textile exports to the European Community.

that foreign investors are able to bid the price of land above so-called normal levels. Fear also has been expressed that foreigners might be able to influence U.S. foreign policy to their U.S. food and fiber processing industries.

Whether or not these claims are true, they tend to discourage some foreign investors. And in the final analysis, all foreign-owned assets in the United States or elsewhere ultimately are subject to sovereignty of the host country. And this is a fact that foreign investors must live with. □

Continued from page 4

Japanese Investments

easily be controlled by producers.

Hostile attitudes on the part of some U.S. citizens to foreign participation in U.S. agriculture may have caused Japanese investors to limit activity in that sector. In some areas, farmers complain that entry of foreigners into the local farm real-estate market has caused land prices to go up.

Many Americans believe

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Egypt...

include fresh garlic, carrots, turnips, cauliflower, spinach, lettuce, parsley, green pepper, artichokes, radishes, okra, sweet potatoes, peas, and snap beans. Output of sweet potatoes recently made a comeback as nutritionists recommended them, along with carrots, to improve Egyptian eyesight.

When a glut occurs, farmers usually feed vegetables to livestock. For instance, a cabbage surplus appeared widespread last December and excess supplies were used as livestock feed rather than going into export.

In addition, celery, chicory, leeks, and artichokes often are grown for delivery to large tourist hotels or for export markets. □

Foreign Agriculture

Vol. XVI No. 40 Oct. 3, 1977

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The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1979. Yearly subscription rate: \$34.35 domestic, \$42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.



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Argentine Meat Exports Are Forecast To Remain Close to 1976's Level

Argentina's heavier-than-expected cattle slaughter in the first half of the year reduced domestic prices, thus helping to keep consumption close to 1976's level. However, the country's meat export prospects for this year still remain uncertain.

Argentina's 1977 meat-export forecast has been reduced 70,000 metric tons to 530,000 tons—about the same level as in 1976.

Unexpected large exports to nontraditional markets spurred Argentine meat exports during May, June, and July, following a dismal first-quarter export performance. Despite the recent pickup in meat exports, however, the trade picture remains cloudy for 1977.

Seasonal patterns, such as winter culling of cows, and poor winter pasture conditions caused by dryness throughout most of the southern area of Buenos Aires Province since early April resulted in heavy movements of unfinished cattle to market during the second quarter.

Average carcass weights during April-June were 196 kilograms, compared with 198 kilograms during the same period a year ago.

As a result, beef prices in the second quarter remained

Based on a report from the Office of the U.S. Agricultural Attaché, Buenos Aires.

at low levels, leading to increases in both domestic consumption and exports. Since then, however, domestic cattle prices have strengthened somewhat, largely because of the beginning of a new retention phase and rising exports.

Cattle slaughter during 1977's first half was a surprising 7.2 million head, 3.5 percent above the corresponding 1976 period.

According to the latest forecast, made in August, Argentine cattle slaughter this year may reach 13.6 million head, compared with 13.9 million head last year. Beef production is now placed at 2.76 million tons, slightly under 1976's 2.81 million tons. Per capita meat consumption is projected at 87.0 kilograms, compared with 89.0 a year ago. Cattle numbers are now estimated at 57.5 million, slightly less than the 57.9 million a year earlier.

With the changed domestic situation, Argentina's livestock prospects for the balance of 1977 will depend largely on exports. And the major uncertainty in this outlook is world import demand, particularly in Western Europe.

Argentina's first-quarter meat exports totaled only 119,000 tons, carcass weight equivalent (cwe), but rose to 147,000 tons during the second quarter.

Supported by large contracts with Spain, Portugal, North Africa, and the Middle East, Argentine meat exports were high during the May-July period and are expected to continue at good levels in these markets for the remainder of the year.

Brazil could be an additional factor in Argentine beef exports. According to industry sources, Brazil may purchase up to 50,000 tons of Argentine boneless beef because of the lack of beef in Uruguay, Brazil's normal supplier over the past 3-4 years. Any purchases by Brazil would be for processing and re-export. □